

and one-seventh of the deposits subject to call. The notes were to constitute the first charge upon the assets in case of insolvency. The opposition was so strong, and there were so many measures whose success was more important to the ministry, that Mr. Rose announced on June 15th the temporary withdrawal of the plan for the session. Sir Francis Hincks became Minister of Finance before the next session and he abandoned the policy of a specially secured circulation and contented himself with throwing some additional safeguards around the existing bank-note system.

The charters of the banks were extended by the Act of May 12, 1870, for a period often years, and the most important changes of the period were then made. The desire for a codification of the banking law led, however, to a more comprehensive act in 1871,¹ which embodied the reforms of 1870 with some minor changes and many amplifications of detail. The banks in 1870 surrendered the right to issue notes below the denomination of \$4 and secured in compensation the abolition of the one per cent, tax and the repeal of the requirement to keep one-tenth of their capital in Dominion securities. The government assumed the issue of small notes and the banks were required to hold not less than one-third of their cash reserves in Dominion notes. The severe period of depression through which the Dominion passed between 1874 and 1879, ^{anc}^ the several bank failures which occurred, led to further important changes in the banking law when the charters were about to expire in 1880. The bankers themselves came forward with the proposals for reform and were now willing to accept several propositions which they had before rejected. The minimum denomination of notes was changed to \$5 and the banks were required to retire the notes for \$4 as soon as practicable. The proportion of cash reserve to be held in Dominion notes was increased to forty per cent. The use of the title of "Bank" by a private firm not incorporated under the laws of the Dominion was made a misdemeanor, unless the words "Not

¹ Act of April 14, 1871, "relating to "banks and banking," 34 Victoria, c. 5.